

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3853-05  
Bill No.: Truly Agreed to and Finally Passed SCS for SB 1040  
Subject: Environmental Protection; Fees; Waste - Hazardous  
Type: Corrected  
Date: June 2, 2004

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
General Revenue	\$725,272	\$725,272	\$725,272
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$725,272</b>	<b>\$725,272</b>	<b>\$725,272</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
Hazardous Waste Remedial Fund	\$500,000	\$1,000,000	\$0
Hazardous Waste Fund	\$750,000	\$1,500,000	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$1,250,000</b>	<b>\$2,500,000</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 10 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Department of Transportation, Department of Economic Development and Attorney General's Office** assume no fiscal impact.

Officials of the **Department of Revenue** assume this proposal establishes a commission to review fees and extends the hazardous waste fee through June 30, 2006. This proposal has no fiscal impact on the Department of Revenue.

Officials from the **Department of Natural Resources (DNR)** assume beginning July 1, 2004, a joint committee appointed by the Speaker of the House of Representatives and the President Pro Tem of the senate shall consider proposals for restructuring fees paid by hazardous waste generators and hazardous waste facilities. The HWP assumes staff time would be required to prepare and submit information that is requested from the joint committee, resulting in a shift of duties for HWP staff. The program is unable to estimate how much time will be necessary to prepare for committee requests.

This proposal would allow Missouri treatment storage and disposal facilities receiving hazardous waste from out of state generators to submit registration and reporting information and pay applicable fees on behalf of the out of state generators. This section of the proposal will not result in any fiscal impact to the department.

VL:LR:OD (12/02)

ASSUMPTION (continued)

This proposal extends the sunset date of the category fee and land disposal fees to June 30, 2006, except that the department shall levy and collect this fee for any hazardous waste generated prior to this date. Extension of the fees will not result in a fiscal impact.

Current statute provides revenue from the category fee and land disposal fee through January 1, 2005 (first six months of FY05). The proposed legislation would extend the sunset date of the category fee that support the hazardous waste program to June 30, 2006. Extension of the sunset for the category fee will continue the current revenue stream. This does not affect the department's authority regarding these issues. Therefore the department will not be impacted by this part of the proposal.

Revenue received as a result of this legislation is projected to be \$500,000 to the Hazardous Waste Remedial Fund and \$750,000 to the Hazardous Waste Fund for the six month period of FY05 beginning January 1, 2005. The continued fee will generate about \$1 million annually into the Hazardous Waste Remedial Fund and \$1.5 million annually to the Hazardous Waste Fund.

Projected revenues for FY 2006 that would be generated are approximately \$2,351,053 in category fees (40% to HWRF and 60% to HWF) and \$142,045 in land disposal fees (40% HWRF and 60% to HWF).

The DNR assumes the revenue will be used to support the regulation of hazardous wastes in the state of Missouri. Revenue from the category fee is a critical component of the funding that support the regulation, compliance and enforcement activities of the Hazardous Waste Program and Regional Offices. This funding also supports emergency response activities conducted by the Environmental Services Program.

Section 260.335 Changes allocation of solid waste management fund moneys (HB 1536)

Officials with the **Office of Administration - Division of Budget and Planning, Department of Revenue, Department of Conservation and State Treasurer's Office** assume no fiscal impact to their agencies.

Officials with the **Department of Natural Resources (DNR)** assume this proposal does not change the current the amount of the revenue stream into the solid waste management fund. It does change the allocation of the solid waste management fund monies which will ensure sufficient funding for existing solid waste permitting, enforcement, inspection, oversight of financial assistance, and administration activities to the department and the Attorney General's office, as well as increased direct financial assistance to the solid waste management districts.

ASSUMPTION (continued)

No new FTEs will be created as a result of this proposed legislation.

In FY04 the department received \$725,272 in General Revenue for solid waste management activities. The proposed reallocation of the Solid Waste Management Fund would result in a savings for that amount to the General Revenue Fund.

There has been an annual increase of approximately 2% in the amount of revenue collected and increase in the generation of solid waste each year and the increase in the general price level as measured by the Consumer Price Index for All Urban Consumers for the United States - the basis on which the tonnage fee is calculated each year.

For purposes of this proposal, DNR assumes annual disposal of 5,502,500 tons at a disposal rate of \$2.04 per ton. The revenue deposited into the Solid Waste Management Fund would be \$11,000,598. Under the restructuring of the distribution of the fund, \$1 million dollars will be allocated for the Market Development Program (under the Environmental Improvement & Energy Resources Authority) leaving \$10,000,598 to be distributed between the department and the solid waste management districts. \$4,300,257 (43%) will be allocated to the department and the remaining \$5,700,341 (57%) will be allocated to the districts. There will be no funds for project grants during FY 2005; however, as fund revenues increase in future years, money could be available for solid waste project grants.

DNR's current appropriations for the solid waste activities of permitting, inspections, enforcement, grants management, and administration and related fund transfers is \$4.4 million; under this bill that amount would be reduced to \$4.3 million. Under current law the district's allocation is 55% (\$5.5 million); under this proposal that amount would increase to 57% (\$5.7 million). The department's reduction in funding will result in a loss of 2 FTE. The dollar amount of this reduction in FTE totals \$124,830 (\$70,000 - PS, \$22,260 - FB, \$32,570 - related on-going expenses)

ASSUMPTION (continued)

**RSMo 260.335 - current distribution  
(based on revenues of \$11,000,598**

Market Development (EIERA)	9.1%	\$1,000,000
Solid waste activities of enforcement, inspections, grants management & oversight, resource planning, and administration	22.7%	\$2,500,150
Grants to solid waste management districts	45.5%	\$5,000,299
Waste reduction & recycling grants and district operations grants	22.7%	\$2,500,149

**RSMo 260.335 – HB 1536 distribution  
(based on revenues of \$11,000,598**

Market Development (EIERA)	9.1%	\$1,000,000
Department solid waste activities of permitting, enforcement, inspections, district grants mgmt. & oversight, resource planning & administration	39.1%	\$4,300,257
Grants to solid waste management districts (includes district operations grants)	51.8%	\$5,700,341

ASSUMPTION (continued)

<b>Allocation of Revenues into the Solid Waste Management Fund</b>			\$11,000,598
	FTE	Allocations	
Market Development Program			
\$1,000,000			
Solid Waste Management Program	40.52	\$ 2,270,343	
DNR Regional Offices	12.08	\$ 891,874	
Environmental Services Program	.96	\$ 83,409	
Geological Survey & Resource Assessment Division	3.00	\$ 164,745	
Environmental Investigator	.40	\$ 29,659	
Hazardous Waste Program	1.04	\$ 17,656	
Attorney General's Office		\$ 47,749	
Fund Transfers & HB 13/HB 5 Leases / Contract Audits		\$ 794,822	
Department Totals	58.00	\$ 4,300,257	
Solid Waste Management Districts		\$ 5,700,341	
Total Fund Expenditures		\$11,000,598	

<u>FISCAL IMPACT - State Government</u>	FY 2005	FY 2006	FY 2007
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**GENERAL REVENUE**

Savings - Program costs previously  
 allocated to Solid Waste Management  
 Fund

**ESTIMATED NET EFFECT**

<b>GENERAL REVENUE</b>	<u>\$725,272</u>	<u>\$725,272</u>	<u>\$725,272</u>
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## **HAZARDOUS WASTE REMEDIAL FUND**

### Income - DNR

Hazardous Waste Remedial Fund	\$500,000	\$1,000,000	\$0
Hazardous Waste Fund	<u>\$750,000</u>	<u>\$1,500,000</u>	<u>\$0</u>

### **NET ESTIMATED EFFECT ON HAZARDOUS WASTE REMEDIAL FUND**

<b><u>\$1,250,000</u></b>	<b><u>\$2,500,000</u></b>	<b><u>\$0</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT - Small Business

Registered hazardous waste generators subject to the land disposal fee tax would be impacted. There would be no change to the current system, except that the obligation to pay these fees would be extended beyond January 1, 2005. Under current law, there is no obligations for these people to pay fees after that date.

This proposal would allow Missouri treatment storage and disposal facilities receiving hazardous waste from out of state generators to submit registration and reporting information and pay registration fees on behalf of the out of state generators. Since it is unknown how many treatment, storage, and disposal facilities will choose to register and pay applicable fees on behalf of out of state generators, economic impact cannot be adequately determined.

### Section 260.335 Changes allocation of solid waste management fund moneys (HB 1536)

There will be a significant economic impact on small business in the solid waste industry if this proposed legislation does NOT pass. The resulting loss of the state's EPA Subtitle D authority will cause some of these businesses to shut down their existing landfills in many areas of the state (especially in the St. Louis urban area), as these landfills reach capacity and cannot be expanded or replaced. It will be necessary for those remaining businesses to significantly increase their costs in an effort to recognize profits. Although difficult to determine with any certainty, increases of 30%-50% in current rates are possible. These increased rates will increase the costs for solid waste disposal services to all businesses as well as to private citizens.

Enforcing the solid waste law will provide an even playing field for those who handle solid waste properly by removing any economic benefit from those who illegally dump or handle

FISCAL IMPACT - Small Business (continued)

waste. Increased emphasis on waste reduction and reuse will save many businesses money in disposal costs and could, ultimately, create jobs in another area of the industry.

Continued emphasis (at both the state and local level) on preventing and prosecuting those who illegally dump or handle their waste will increase business for waste haulers, transfer stations and landfills, as those previous violators turn to proper disposal methods for their solid waste. Removing and keeping trash out of Missouri's roadsides, ditches, lakes, and waterways will benefit property values and tourism.

DESCRIPTION

This act creates a joint committee appointed by the Speaker of the House and President Pro Tem of the Senate to examine the present hazardous waste fee structure and ultimately make a recommendation to the Governor and the General Assembly regarding how to more fairly apportion the cost of services provided among those that benefit from the services by December 31, 2004.

This act allows Missouri's treatment storage and disposal facilities receiving hazardous waste from out-of-state generators to submit registration describing type and quantity of hazardous waste received from out-of-state generators and fee information to DNR. The act allows out-of-state hazardous waste generators to avoid the registration requirement in Section 260.380.1(1) and (8) if they have complied with the previously mentioned registrations under Section 260.375(11).

From August 28, 2004, to August 28, 2005, 10% of the fund, not exceeding \$800,000, will be available to promote the development and maintenance of markets for recovered materials. Up to 19% of the revenues will be used to administer the management and education of household and agricultural hazardous waste from family farms and corporations. After August 28, 2005, the amount will change from \$800,000 to \$1 million, and the percentage will change from 19% to 15%. From August 28, 2004, to August 28, 2005, up to 42% of the revenues will be used to eliminate illegal solid waste disposal, identify and prosecute persons disposing of solid waste illegally, conduct solid waste permitting activities, administer grants, and perform other duties. At least 58% of the revenues will be allocated through grants to participating cities, counties, and districts. After August 28, 2005, the percentages will increase to 25% and 50% respectively. Sixty percent of the revenue generated within each region will be allocated to the cities and counties of the district or to persons or entities providing solid waste management, waste reduction, or recycling services in the district. From August 28, 2004, to August 28, 2005, each district will receive a minimum of \$75,000; and thereafter, each district will receive a minimum



DESCRIPTION (continued)

of \$45,000. Any remaining moneys in the fund will be used to provide grants for statewide solid waste management planning or research projects including contracted services.

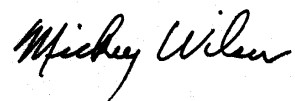
Missouri treatment, storage, and disposal facilities that receive hazardous material from out-of-state generators are allowed to submit registration and reporting information in a format prescribed by the Department of Natural Resources describing the types and quantities of hazardous waste received from the out-of-state generator. As long as the facility submits this information to the department, the out-of-state generator will not be required to do so. The facility is also responsible for paying all fees and taxes on behalf of the out-of-state generator. If moneys owed are not transmitted in the time frame established, interest will be imposed at the rate of 10% per annum from the due date. The percent amounts on fees collected or received by the department for hazardous waste are revised. Forty percent will go to the Hazardous Waste Remedial Fund, and 60% will go to the Hazardous Waste Fund. This fee will expire June 30, 2006, except that the department will levy and collect this fee for any hazardous waste generated prior to the date and reported to the department.

The act has an emergency clause.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Natural Resources  
Department of Revenue  
Department of Transportation

A handwritten signature in black ink, appearing to read "Mickey Wilson". The signature is written in a cursive, flowing style.

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Mickey Wilson, CPA  
Director  
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